

**Official Statement**

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**LOS ALISOS  
WATER DISTRICT  
ORANGE COUNTY, CALIFORNIA**

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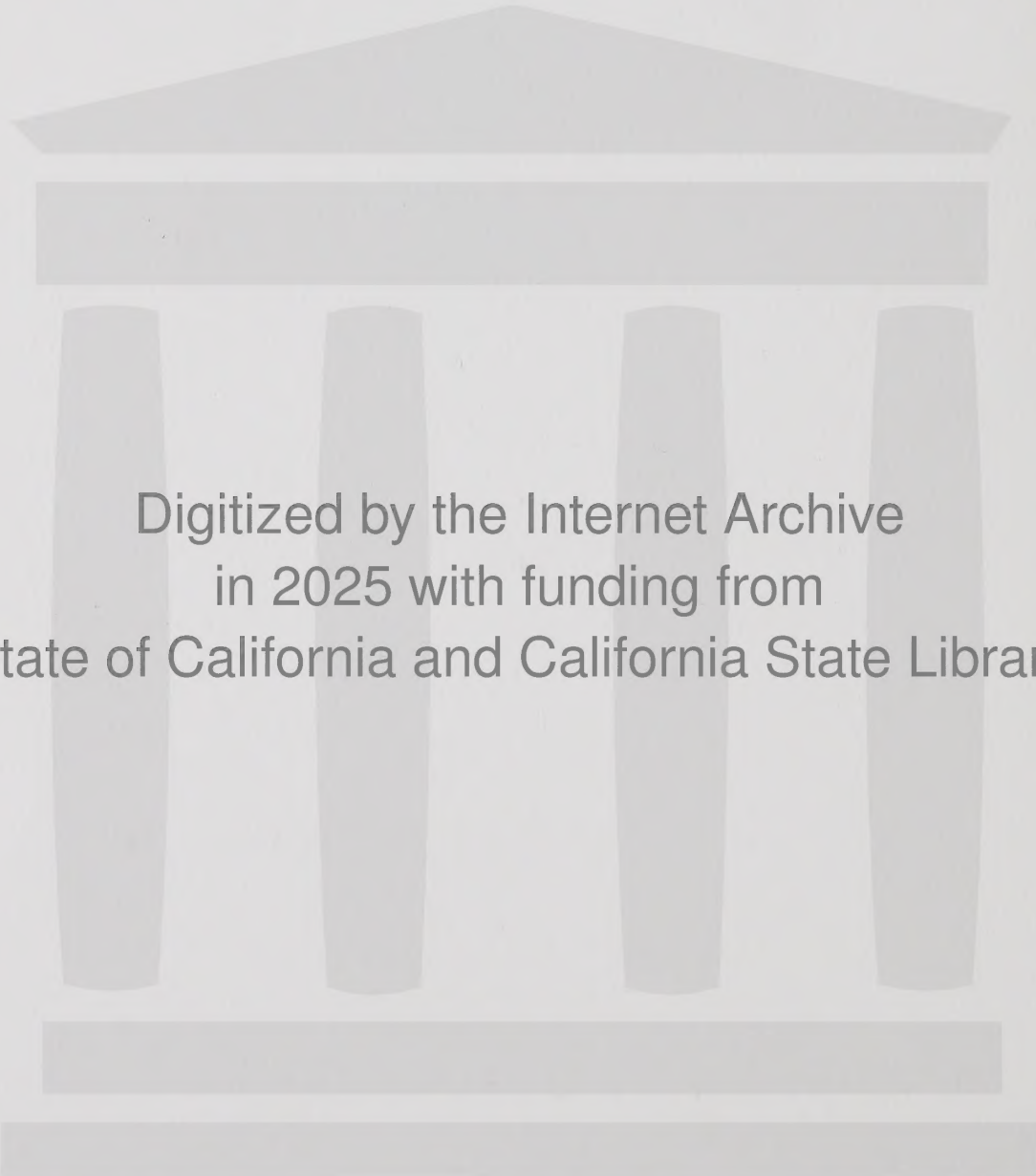
**\$9,985,000  
1975 Sewer Bonds  
Series A**

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Bids to be received by the Secretary of the  
District on Wednesday, April 30, 1975, at  
10:00 a.m. in the Sixth Floor Conference  
Room of the Bank of America, 555 South  
Flower Street, Los Angeles, California 90017



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# **LOS ALISOS WATER DISTRICT**

**Orange County, California**

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## **Board of Directors**

**V. P. Baker, President**

**Richard B. Bennett**

**Harry C. Johnson, Jr.**

**Karl B. Rodi**

**A. J. West**

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**E. J. McFadden, General Manager**

**Allen R. Smith, Treasurer**

**Donald D. Adkinson, Attorney**

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## **Special Services**

**O'Melveny & Myers, Bond Counsel**

**Los Angeles**

**Stone & Youngberg Municipal Financing Consultants, Inc.**

**Los Angeles and San Francisco**

The information contained within this Official Statement was prepared under the direction of the Board of Directors of the Los Alisos Water District by Stone & Youngberg Municipal Financing Consultants, Inc., financing consultants to the District.

All of the following summaries of the statutes and resolutions are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The information contained in this Official Statement has been compiled from sources believed to be reliable. The Official Statement contains estimates and matters of opinion, which are not intended as representations of fact. This Official Statement is not to be construed as a contract with the purchasers of the bonds.

**THE DATE OF THIS OFFICIAL STATEMENT IS APRIL 1, 1975**

*[Stone + Youngberg, municipal  
financing consultants]  
San Jose dist. Orange co.  
Investments Public secur.*



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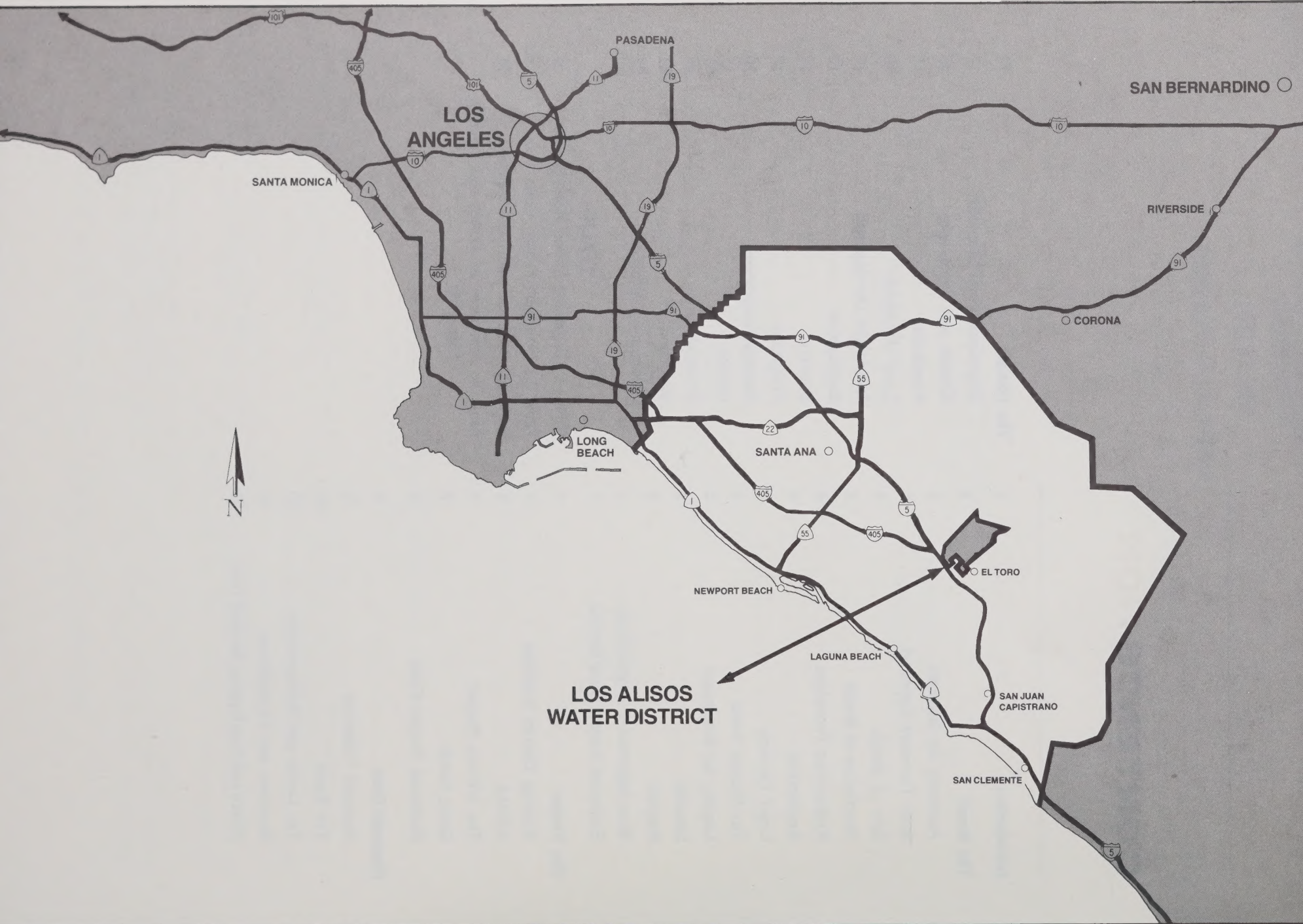
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# INTRODUCTION

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The Los Alisos Water District was formed in October 1960 under provisions of the California Water District Law, Division 13 of the Water Code of the State of California, commencing with Section 34000. The District was formed for the purpose of providing a water supply for the area within its boundaries. The District is supplied with water from the Metropolitan Water District of Southern California (MWD) through the Santiago Aqueduct, which extends 14 miles from the MWD Santiago Lateral off the Lower Feeder. The Santiago Aqueduct was constructed jointly by the Los Alisos Water District, the El Toro Water District and the Orange County Water District.

Subsequent to the formation of the District the California Water District Law was amended to authorize the provision of sanitary sewerage service. On May 12, 1964, the District sold \$1,150,000 of sewer bonds to finance construction of a 500,000 gallon per day treatment plant, a trunk sewer and force mains. On October 24, 1968 the District issued an additional \$1,600,000 of sewer bonds to finance expansion of the treatment plant to 1,000,000 gallons per day and the construction of additional trunk sewers. The \$9,985,000 of bonds currently being offered for sale will be used to finance the District's share of the costs of a regional wastewater treatment and disposal project. The project is being carried out by the Aliso Water Management Agency (AWMA). The proposed AWMA project consists of four interceptor sewers, a regional wastewater treatment plant and an ocean outfall. The Los Alisos Water District's share of the AWMA project costs is estimated to be \$7,530,000, although these costs would be reduced if State and Federal grants which have been applied for by AWMA are received. The District's share of the grants is estimated to be \$2,418,600. If the grants are received three additional agencies are expected to participate in the project, which would further reduce the District's share of the ocean outfall costs. However, the District has included in the bond issue sufficient funds to meet its entire share of the estimated project costs without any allowance for grant funds or for possible cost reductions due to participation by other agencies.

The District covers an area of 5,380 acres in south central Orange County, adjacent to the El Toro Marine Corps Air Station and Interstate 5, the main north-south route through the State. The southern portion of the District is traversed by the Atchison, Topeka and Santa Fe Railway line between Los Angeles and San Diego. It is located 40 miles

southeast of Los Angeles, 10 miles southeast of Santa Ana, the County seat, and 10 miles inland from the Pacific Coast.

District taxes are assessed against the value of land only. The assessed valuation of the District has increased steadily since its formation, rising from \$403,270 in 1963/64 to \$16,189,720 in 1974/75. The 1974/75 assessed valuation of all property in the District was \$33,474,770.

The growth in assessed valuation has resulted primarily from residential activity. During the past five years the number of occupied dwelling units within the District increased by close to 6.5 times, from 477 at the end of 1969 to 3,095 at the end of 1974. The largest single development is the Lake Forest Planned Community, a project of Occidental Land, Inc., a subsidiary of the Occidental Petroleum Company. However independent builders are also active in the District.



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## **THE BONDS**

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### **Authority for Issuance**

The \$9,985,000 principal amount of Los Alisos Water District 1975 Sewer Bonds, Series A, are general obligations of the District being issued pursuant to Resolution No. 81 adopted by the District Board of Directors on April 1, 1975, and under provisions of the California Water District Law (Division 13 of the Water Code of the State of California, commencing with Section 34000).

Pursuant to Section 53541 of the Government Code of the State of California, the bonds will be issued in place of an equal principal amount of authorized but unissued bonds bearing a maximum interest rate of six percent. The bonds represent a portion of a combined authorization of \$12,974,000, consisting of the \$3,390,000 remaining unissued amount of \$6,140,000 of sewer bonds approved at an election held on February 25, 1964 and \$9,584,000 of bonds authorized at an election held on October 8, 1968.

### **State Treasurer Approval**

The law requires that the sale of any issue of bonds by the District must first be approved by the State Treasurer based on the recommendation of the District Securities Advisory Commission. An application for permission to sell the Series A bonds has been made and a response is expected prior to the sale.

### **Sale of Bonds**

Sealed bids for the purchase of the bonds will be received and opened by a representative of the Board of Directors of the District on Wednesday, April 30, 1975 at 10:00 a.m. (P.D.S.T.) in the Sixth Floor Conference Room of the Bank of America NT&SA, 555 South Flower Street, Los Angeles, California 90017. It is expected that the bids will be referred to the Board of Directors for action at a meeting to be held later the same day at the regular meeting place. Details of the terms of sale are contained in the official notice inviting bids adopted April 1, 1975.

### **Description of Bonds**

The bonds will be in the denomination of \$5,000, all dated April 15, 1975, and numbered A1 to A1997. Bonds are to mature in consecutive numerical order on April 15 in each of the years and in the amounts shown by the accompanying schedule of maturities.



Interest will be payable by coupon semiannually on April 15 and October 15, beginning October 15, 1975.

#### **SCHEDULE OF MATURITIES**

Maturity Date April 15	Principal Maturing	Maturity Date April 15	Principal Maturing
1978 .....	\$125,000	1992 .....	\$320,000
1979 .....	130,000	1993 .....	345,000
1980 .....	140,000	1994 .....	370,000
1981 .....	150,000	1995 .....	395,000
1982 .....	155,000	1996 .....	425,000
1983 .....	170,000	1997 .....	450,000
1984 .....	180,000	1998 .....	480,000
1985 .....	195,000	1999 .....	510,000
1986 .....	210,000	2000 .....	550,000
1987 .....	225,000	2001 .....	585,000
1988 .....	240,000	2002 .....	630,000
1989 .....	260,000	2003 .....	675,000
1990 .....	280,000	2004 .....	720,000
1991 .....	300,000	2005 .....	770,000

Principal and interest are payable at the office of the Treasurer of the District or at the principal offices of the paying agents of the District in Los Angeles, San Francisco, Chicago and New York.

#### **Redemption Provisions**

The resolution of issuance provides that bonds maturing on or before April 15, 1987, a principal amount of \$1,680,000, are not subject to call or redemption prior to their fixed maturity date. The bonds maturing on and after April 15, 1988, a principal amount of \$8,305,000, are subject to call and redemption as a whole or in part in inverse order of maturity and number at the option of the District on any interest payment date on and after April 15, 1987, upon payment of the principal amount and interest to the date of redemption plus a premium equal to one quarter of one per cent of the principal amount for each year or portion of a year remaining between the redemption date and the maturity date.

#### **Registration**

The bonds will be issued as coupon bonds which will be registrable either as to principal only or as to both principal and interest and subject to discharge for redemption, all at the option of the holder.

#### **Legal Opinion**

The unqualified opinion of O'Melveny & Myers, Los Angeles, California, bond counsel for the Los Alisos Water District, approving the validity of the bonds will be supplied free of charge to the original purchasers of the bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

#### **Tax Exempt Status**

In the opinion of bond counsel, the interest on the bonds is exempt from present federal income taxes and from State of California personal income taxes under existing statutes, regulations, and court decisions.

#### **Legality for Investment**

It is expected that the bonds will be certified by the State Controller of the State of California, pursuant to investigation by the State Treasurer, as legal investments in California for all trust funds and for the funds of all insurance companies, commercial banks, trust companies, the State school funds and any funds which may be invested in county, municipal or school district bonds, and as eligible security for the deposit of public moneys in banks in said State.

In the opinion of Bond Counsel, the bonds do not qualify for the investment of funds of savings banks under provisions of the Financial Code of the State of California.

#### **Security**

Bond principal and interest are payable from annual ad valorem assessments which may be levied without limitation as to rate or amount on all assessable lands within the District, provided that the District may use funds derived from acreage assessments and sewerage service charges to meet bond service, if available for that purpose.

#### **Purpose**

The proceeds from the sale of the bonds will be used to finance the District's share of the costs of a regional water quality control project as described in the section entitled "The Project."

#### **State Approval of Expenditures**

As previously stated, the State Treasurer, after making an investigation of the project and its financ-



ing, must approve the issuance and sale of the bonds. In addition, the District is required under the law to obtain the approval for the expenditure of bond proceeds for the purposes designated. Annually thereafter the District must submit a detailed report to the District Securities Division disclosing its financial transactions and other activities.

## Estimated Annual Bond Service

Table 1 presents an estimate of the total annual bond service for the Bonds, based on an estimated interest rate of 7½ per cent.

**Table 1**

### LOS ALISOS WATER DISTRICT Estimated Annual Bond Service

Fiscal Year	1975 Sewer Bonds Series A				Prior Sewer Bond Service <sup>①</sup>	Combined Bond Service
	Principal Outstanding	Interest Estimated At 7½ %	Principal Maturing April 15	Total Bond Service		
1975/76 .....	\$9,985,000	\$ 748,875	\$ —	\$ 748,875	\$ 176,425.00	\$ 925,300.00
1976/77 .....	9,985,000	748,875	—	748,875	179,450.00	928,325.00
1977/78 .....	9,985,000	748,875	125,000	873,875	177,150.00	1,051,025.00
1978/79 .....	9,860,000	739,500	130,000	869,500	184,850.00	1,054,350.00
1979/80 .....	9,730,000	729,750	140,000	869,750	187,000.00	1,056,750.00
1980/81 .....	9,590,000	719,250	150,000	869,250	193,825.00	1,063,075.00
1981/82 .....	9,440,000	708,000	155,000	863,000	205,100.00	1,068,100.00
1982/83 .....	9,285,000	696,375	170,000	866,375	200,400.00	1,066,775.00
1983/84 .....	9,115,000	683,625	180,000	863,625	200,745.00	1,064,370.00
1984/85 .....	8,935,000	670,125	195,000	865,125	200,987.50	1,066,112.50
1985/86 .....	8,740,000	655,500	210,000	865,500	196,322.50	1,061,822.50
1986/87 .....	8,530,000	639,750	225,000	864,750	195,937.50	1,060,687.50
1987/88 .....	8,305,000	622,875	240,000 <sup>②</sup>	862,875	200,600.00	1,063,475.00
1988/89 .....	8,065,000	604,875	260,000 <sup>②</sup>	864,875	194,737.50	1,059,612.50
1989/90 .....	7,805,000	585,375	280,000 <sup>②</sup>	865,375	193,875.00	1,059,250.00
1990/91 .....	7,525,000	564,375	300,000 <sup>②</sup>	864,375	187,887.50	1,052,262.50
1991/92 .....	7,225,000	541,875	320,000 <sup>②</sup>	861,875	186,900.00	1,048,775.00
1992/93 .....	6,905,000	517,875	345,000 <sup>②</sup>	862,875	180,700.00	1,043,575.00
1993/94 .....	6,560,000	492,000	370,000 <sup>②</sup>	862,000	179,500.00	1,041,500.00
1994/95 .....	6,190,000	464,250	395,000 <sup>②</sup>	859,250	178,000.00	1,037,250.00
1995/96 .....	5,795,000	434,625	425,000 <sup>②</sup>	859,625	176,287.50	1,035,912.50
1996/97 .....	5,370,000	402,750	450,000 <sup>②</sup>	852,750	174,275.00	1,027,025.00
1997/98 .....	4,920,000	369,000	480,000 <sup>②</sup>	849,000	166,962.50	1,015,962.50
1998/99 .....	4,440,000	333,000	510,000 <sup>②</sup>	843,000	164,875.00	1,007,875.00
1999/2000 .....	3,930,000	294,750	550,000 <sup>②</sup>	844,750	162,575.00	1,007,325.00
2000/01 .....	3,380,000	253,500	585,000 <sup>②</sup>	838,500	64,987.50	903,487.50
2001/02 .....	2,795,000	209,625	630,000 <sup>②</sup>	839,625	62,560.00	902,185.00
2002/03 .....	2,165,000	162,375	675,000 <sup>②</sup>	837,375	65,312.50	902,687.50
2003/04 .....	1,490,000	111,750	720,000 <sup>②</sup>	831,750	67,762.50	899,512.50
2004/05 .....	770,000	57,750	770,000 <sup>②</sup>	827,750	—	827,750.00
Totals .....		\$15,511,125	\$9,985,000	\$25,496,125	\$4,905,990.00	\$30,402,115.00

① Bond Service payable from taxes levied in fiscal year shown.

② Callable on and after April 15, 1987.

LOS ALTOS WATER DISTRICT  
SEWER SYSTEM  
MAP



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## THE PROJECT

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The proceeds from the sale of the bonds will be used to finance the District's share of a regional wastewater disposal system to be constructed by the Aliso Water Management Agency (AWMA).

### Existing District Facilities

The District's sewerage facilities consist of a network of trunk and collector sewers serving the entire developed area, three main interceptor sewers and a wastewater treatment plant with a capacity of 2.5 million gallons per day (MGD). The plant effluent is presently being used for agricultural irrigation.

### AWMA

The Aliso Water Management Agency was formed on March 1, 1972, under a joint exercise of powers agreement between the Los Alisos Water District, the El Toro Water District, the Irvine Ranch Water District, the City of Laguna Beach, the Moulton-Niguel Water District and the South Laguna Sanitary District. Subsequently, the agreement was amended to include the Emerald Bay Service District and the Santa Ana Mountains County Water District. The Agency was formed for the purpose of planning, constructing, operating and maintaining a regional system for the utilization and disposal of wastewater. The Agency is responsible for an area of 57,410 acres, including the 5,380 acres making up the Los Alisos Water District.

### The AWMA Project

The proposed AWMA project consists of an ocean outfall; four interceptor sewers to convey wastewaters from the agencies within AWMA to the outfall, including one interceptor to serve the Los Alisos Water District, the El Toro Water District and portions of the Moulton-Niguel Water District; possible construction of a regional wastewater treatment plant to serve the latter three agencies and modification of the South Laguna Sanitary District treatment plant.

However, the City of Laguna Beach has indicated that it will participate in the project only if State and Federal grants described below are approved. If the City of Laguna Beach participates, the Emerald Bay Services District and the Irvine Ranch Water District are also expected to take part, since the plan calls for them to participate in a joint interceptor line with Laguna Beach.

## Grant Funds

AWMA has made application for State and Federal grant funds equivalent to 87.5 percent of the estimated costs of eligible portions of the project. An estimated \$2,418,600 of these funds would be applicable to the Los Alisos Water District share of the project costs. However, the District's bond issue will cover its entire share of the estimated cost of the four-agency project. Any grant funds subsequently received and any excess funds which will remain as a result of cost savings achieved because of the participation of the other agencies will be applied to other improvements within the District.

## Estimated Project Costs

Table 2 shows an estimate of the District's share of the estimated AWMA project costs. Included is the estimated cost of an ocean outfall adequate to serve the Los Alisos Water District, the El Toro Water District, the Moulton-Niguel Water District and the South Laguna Sanitary District. However, the construction bid documents will include as an alternative an ocean outfall adequate to serve the Emerald Bay Services District, the Irvine Ranch Water District and the City of Laguna Beach, should these agencies elect to participate.

Should the District's share of total project costs exceed the estimates, it is anticipated that the District plan of works will be modified, subject to the notice and hearing process, to reduce the treatment plant capacity, unless offsetting State and Federal grants are approved.

**Table 2**

### **LOS ALISOS WATER DISTRICT Estimated Project Costs**

Outfall .....	\$1,794,000
Interceptor .....	2,946,000
Treatment Plant .....	2,790,000
Subtotal .....	<u>\$7,530,000</u>
Contingencies .....	548,700
Reserve Fund .....	412,000
Funded Interest .....	1,397,900
Administration .....	18,000
State Treasurer Fees .....	32,000
Legal and Financing .....	46,400
Total .....	<u>\$9,985,000</u>



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## FINANCIAL DATA

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### Assessed Valuation

The assessed valuation of the Los Alisos Water District is established by the Orange County Assessor, except for utility property which is assessed by the State Board of Equalization. The State Board of Equalization reported that Orange County assessed valuations for the 1974/75 fiscal year averaged 25 percent of full cash value, the same percentage at which utility property is reported to be assessed.

District taxes are levied against the assessed valuation of land only before exemptions. Following is the assessed valuation of the District for the 1974/75 fiscal year.

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#### LOS ALISOS WATER DISTRICT 1974/75 Assessed Valuation (Land Only)

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Local Secured Roll .....	\$16,105,570
Utility Roll .....	78,450
Unsecured Roll .....	5,700
Total .....	<u>\$16,189,720</u>

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The following tabulation shows the 1974/75 assessed valuation of all property (land, improvements and personal property) located within the District. These valuations reflect two types of exemptions (\$1,750 of the assessed valuation of an owner occupied dwelling and 50 percent of the assessed valuation of business inventories) which do not result in any loss of revenues to local taxing agencies since an amount equal to the taxes which would have been payable on such exempt valuations is reimbursed by the State.

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#### LOS ALISOS WATER DISTRICT 1974/75 Assessed Valuation of all Property Within District

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	Net Assessed Valuation	Homeowners and Business Inventory Exemptions	Assessed Valuation For Revenue Purposes
Secured .....	\$27,598,170	\$3,102,750	\$30,700,920
Utility .....	2,304,510	1,240	2,305,750
Unsecured ..	441,855	26,245	468,100
Total ..	<u>\$30,344,535</u>	<u>\$3,130,235</u>	<u>\$33,474,770</u>

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The following summary shows the growth which has occurred in the District's assessed valuation (land only) over the past five years.

### LOS ALISOS WATER DISTRICT Growth in Assessed Valuation (Land Only)

Fiscal Year	Assessed Valuation
1970/71	\$10,140,180
1971/72	10,554,760
1972/73	14,238,000
1973/74	15,081,990
1974/75	16,189,720

### Tax Rates

The District's current tax rate is \$3.23 per \$100 assessed valuation of land only. This rate has been maintained by the District since the 1970/71 fiscal year when it was increased from \$3.20 per \$100.

The accompanying tabulation shows the 1974/75 tax rate for Tax Rate Area 88-047. This is the largest tax rate area in the District, having a 1974/75 assessed valuation of \$5,670,320 for land only and \$17,576,990 for all rolls, before homeowners' and business inventory exemptions. These assessed valuations represent, respectively, 35.0 and 52.5 percent of the total assessed valuations within the District.

### Tax Levies and Delinquencies

Following is a record of secured taxes levied by the District during the past five fiscal years, together with the amounts and percentages delinquent as of June 30 of each year.

### LOS ALISOS WATER DISTRICT Tax Levies and Delinquencies

Fiscal Year	Secured Tax Levy	Delinquency as of June 30	
		Amount	Percent
1969/70	\$225,109.12	\$ 7,775.36	3.45%
1970/71	327,048.74	24,136.35	7.38
1971/72	339,208.83	9,510.01	2.80
1972/73	458,299.29	14,536.45	3.17
1973/74	482,904.95	13,023.02	2.70

### Tax Rate Area 88-047

#### 1974/75 Tax Rates Per \$100

Orange County	\$ 1,6050
County Library	.2044
Saddleback Valley Unified School District	6.4948①
Saddleback Community College	.7005
Other Education Taxes	.0933
Metropolitan Water District of Southern California	.1600
County Fire Protection	.3991
County Flood Control District	.2222
Other Special District	.7056
Total — All Rolls	\$10.5849
Los Alisos Water District	3.2300②
County Sanitation District 7A	.0044③
Street Light Maintenance District 13	.1619③

① Includes rates for bonds of predecessor districts.

② Land only.

③ Land and improvements.

### Revenues and Expenditures

Table 3 shows District revenues and expenditures (exclusive of depreciation) over the past four fiscal years as reported in annual financial statements prepared by Hanson, Peterson, Cowles & Sylvester, Certified Public Accountants, Tustin, California.

### Direct and Overlapping Bonded Debt

Table 4 shows a statement of direct and estimated overlapping general obligation bonded debt of the District. Following the sale of the bonds currently being offered for sale the direct debt of the District will consist of \$18,630,000 of general obligation bonds, as shown below.

### LOS ALISOS WATER DISTRICT Direct Debt As of April 16, 1975

Year Issued	Purpose	Original Amount	Final Maturity	Outstanding April 16, 1975
1961	Water	\$1,410,000	7/ 1/95	\$ 1,185,000
1964	Sewer	1,150,000	6/ 1/04	1,070,000
1968	Water	2,300,000	10/ 1/01	2,280,000
1968	Sewer	1,600,000	10/ 1/01	1,590,000
1971	Water	2,530,000	10/ 1/01	2,520,000
1975	Sewer	9,985,000	4/15/04	9,985,000
				\$18,630,000



**Table 3**  
**LOS ALISOS WATER DISTRICT**  
**Revenues and Expenditures<sup>①</sup>**

Fiscal Year	1970/71	1971/72	1972/73	1973/74
<b>REVENUES</b>				
Water Sales .....	\$ 190,483	\$ 234,891	\$ 229,968	\$ 319,160
Sanitation Charges .....	33,669	47,134	68,790	114,120
Other Operating Income .....	19,498	11,552	6,804	9,388
Property Taxes .....	305,453	367,282	457,134	505,794
Interest Income .....	210,015	181,600	285,532	434,376
Other Non-Operating Income .....	9,636	4,773	19,341	8,210
Connection Fees and Permits .....	—	150,666	149,374	94,632
Contributions .....	132,900	550,700	161,800	274,000
Federal and State Grants .....	—	101,500	—	145,034
Total Revenues .....	\$ 901,654	\$1,650,098	\$1,378,743	\$1,904,714
<b>EXPENDITURES</b>				
Operating Expenses .....	\$ 338,448	\$ 295,994	\$ 347,900	\$ 456,524
Interest Expense .....	120,863	355,638	353,387	511,787
Amortization of Bond Expense .....	5,584	8,393	8,629	8,576
Total Expenses .....	\$ 464,895	\$ 660,025	\$ 709,916	\$ 976,887
NET INCOME .....	\$ 436,759	\$ 990,073	\$ 668,827	\$ 927,827

① Excluding Depreciation.

**Table 4**  
**LOS ALISOS WATER DISTRICT**  
**Statement of Direct and Overlapping Debt**

Estimated Population .....	10,826		
1974/75 Assessed Valuation (Land Only) .....	16,189,720		
1974/75 Assessed Valuation (All Property) .....	33,474,770		
Appraised Market Value (Land Only) .....	91,373,000 <sup>①</sup>		
Estimated Market Value (All Property) .....	133,899,000 <sup>②</sup>		
	Debt Applicable Percentage	April 16, 1975 Amount <sup>③</sup>	
Orange County .....	0.535%	\$	23,353
Orange County Flood Control District .....	0.535		123,023
Metropolitan Water District of So. Calif. ....	0.093		513,550
Orange County Sanitation District No. 7 (1951 Issue) .....	4.607		8,707
Saddleback Community College District .....	2.986		214,395
Saddleback Valley Unified School District .....	12.913		1,095,022
Tustin Union High School District .....	5.281-8.059		378,782
San Joaquin School District (Various Issues) .....	5.281-4.942		985,974
Los Alisos Water District .....	100.000		18,630,000 <sup>④</sup>
Total Direct and Overlapping Bonded Debt .....			\$21,972,806
	Percentage of		
	Assessed Valuation	Market Value	Per Capita
Assessed Valuation (Land Only) .....	— %	— %	\$1,495
Assessed Valuation (All Property) .....	—	—	3,092
Direct Debt .....	115.07 <sup>⑤</sup>	20.39 <sup>⑥</sup>	1,721
Direct and Overlapping Debt .....	65.64 <sup>⑦</sup>	16.41 <sup>⑦</sup>	2,030

① See Appendix I.

② The State Board of Equalization reported that 1974/75 Orange County assessed valuations averaged 25 percent of full cash value. Utility property is reportedly assessed at the same ratio.

③ Excludes sales, if any between April 1, 1975 and April 30, 1975, except bonds currently being offered for sale. Also excludes \$153,442 share of County lease obligations.

④ To be sold April 30, 1975.

⑤ Based on assessed valuation of land only.

⑥ Based on appraised value of land.

⑦ Based on assessed value of all property.

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## THE DISTRICT

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The Los Alisos Water District is located in an area known as the Saddleback Valley, approximately 40 miles southeast of the City of Los Angeles, 10 miles southeast of the City of Santa Ana, and approximately 10 miles inland from the Laguna Beach-Dana Point coastline. The district lies immediately to the southeast of the Marine Corps Air Station El Toro and northeast of Interstate Highway 5, the principal north-south route through the State. The main line of the Atchison, Topeka and Santa Fe Railway Company between Los Angeles and San Diego traverses the southern part of the district.

### Organization and Operation

The Los Alisos Water District was organized in October 1960 under the provisions of the California Water District Law, Division 13 of the Water Code of the State of California commencing with Section 34000. The District is governed by a five-member board of directors, each of whom must be holders of title to land within the District. Board members are elected at large for four-year alternating terms by qualified voters in the District. The secretary is appointed by the directors.

A brief biography of the officers of the District is as follows.

Mr. V. P. Baker, president of the District, is an independent oil producer who has been active in the oil industry in California for many years and was formerly the president of Intex Oil Company.

Mr. A. J. West, Vice President and director of the District, is an independent oil producer and also a citrus grower in Ventura County.

Mr Karl B. Rodi, secretary and director of the District, is a practicing attorney and is a partner in the law firm of Rodi, Pettker, Galbraith, Bond and Phillips, of Los Angeles.

Mr. Richard B. Bennett, a director of the District, is a rancher.

Mr. Harry C. Johnson, Jr., a director of the District, is a citrus rancher.

Mr. E. T. McFadden, past member of the Board of Directors and property owner, is the General Manager of the District. The District has 17 employees and also retains a former director as a management consultant.

The District provides both water and sewerage service.





Aerial view of the Saddleback Valley showing a portion of the  
Los Alisos Water District in the bottom right quarter

## Climate and Topography

The climate is typical of the coastal plain areas of Southern California, the temperatures being mild and relatively uniform. Soil and climatic conditions in parts of the District have proven to be exceptionally well adapted to citrus culture and other tree crops as well as truck gardening.

Elevations in the southwesterly half of the District generally range between 300 and 500 feet, with most of the land being fairly level or gently sloping. Elevations in the balance of the district range up to about 875 feet.

## Population

The Population of the District was estimated to be about 10,826 as of January 1, 1975. An indication of the population growth which has occurred in the District is shown by the tabulation of residential dwelling units which appears under the heading "Residential Development."

## Land Ownership

The following tabulation lists the principal landowners within the District as of March 1, 1974 and shows the acreage and 1974/75 assessed valuations of these holdings.

### LOS ALISOS WATER DISTRICT Principal Landowners

Nominal Owner <sup>①</sup>	Approximate Acreage	1974/75 Assessed Valuation of Land
Title Insurance and Trust Company .....	2,573	\$2,297,640
Occidental Land, Inc. ....	568	1,957,510
North American Life Insurance Co. of Chicago .....	77	545,500
Kaiser Aetna .....	66	360,280
Roman Catholic Church .....	284	310,020
Hallcraft Homes of Los Angeles, Inc. ....	55	297,870
Lloyds Bank <sup>②</sup> .....	125	189,000
Roger E. Wood .....	35	143,400
V. P. Baker et al. ....	95	112,930
National Community Builders, Inc. ....	25	105,370

① As of March 1, 1974.

② As trustee for E. T. McFadden.

The approximately 2,573 acres owned under the name of Title Insurance and Trust Company represent the holdings of fourteen individuals, principally Messrs. V. P. Baker, A. J. West and Karl B. Rodi, who are members of the District Board of Directors; Mr. Henry Salvatore, an oil and gas producer and owner of the Grant Oil and Tool Corporation; and Mr. Vernon Taylor, Jr. a director of the Union Pacific Railroad, the Colorado National Bank, the International Mineral and Chemical Corporation and the Placer Development Company Ltd.

## Residential Development

New concepts in community development and home construction are being undertaken in the various subdivisions within Los Alisos Water District. The summary below shows the growth in occupied residential dwellings within the District over the past five years.

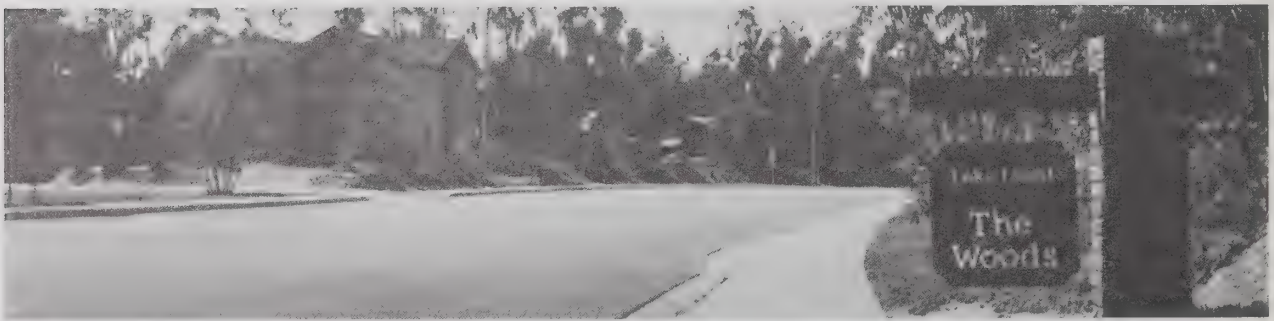
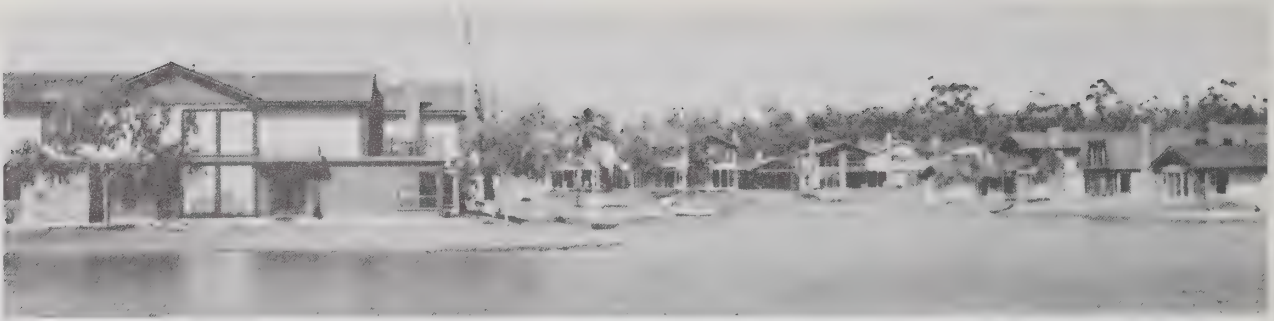
### LOS ALISOS WATER DISTRICT Occupied Dwelling Units

Year End	Occupied Units
1969 .....	477
1970 .....	750
1971 .....	1,266
1972 .....	1,693
1973 .....	2,432
1974 .....	3,095

Among the developer-builders, one of the most widely recognized is Occidental Land Inc. It has received many national awards for excellence of design and construction and has won national recognition in leading magazines. The company is constructing and developing the largest and most comprehensive community in the District, known as Lake Forest. The Lake Forest Planned Community is unique in this portion of Orange County in that it offers three different concepts in residential atmosphere, while still being centered around one principal business and service area. Forecast ultimate residential population is 29,200. The distinct communities within Lake Forest are "The Village," "The Lakes," and "The Woods."

"The Village" is a community of a wide variety of homes centrally located with easy access to all Lake





Examples of residences within Lake Forest



Forest facilities as well as having its own lake, private beach and tennis club. In "The Woods" community, homes are being carefully placed in order to preserve the natural forest. Roads are designed to follow the contours of the land and hiking trails and a bridle path are woven into the countryside. The Los Alisos Water District offers one of the most attractive areas for such a development because of the naturally forested area found here. In this section of Orange County, the land is generally rolling hills of grass, and, therefore, these naturally shaded areas of the District are highly favored for home sites. The community of "The Lakes" has been designed for water activities and to recognize the popularity of waterfront living. Three large lakes have been constructed, around which are built luxury homes with private docking facilities. Home designs have been developed to take full advantage of the water-oriented concept.

Many different home designs with variations on each design are being offered in the communities, thus assuring a wide range of appearance within the neighborhoods.

A mall-type shopping center has been constructed to serve the community.

## Employment

Residents of the District find employment throughout Orange County. Total employment in the County, as reported by the California Employment Development Department, is shown in the accompanying tabulation.

## Industry

There are no major manufacturing industries within the District at present, although a portion of the District has been zoned for light industry. Southern California Edison Company operates a major maintenance center on property within the District.

The table on the following page lists the major manufacturing industries in Orange County, as reported by the Orange County Chamber of Commerce.

The Irvine Industrial Complex, covering more than 6,000 acres northwest of the District, is one of the largest planned industrial developments in the nation. Already more than 500 companies have located manufacturing and other facilities employing approximately 35,000 people within the complex and

## ORANGE COUNTY

### Employment

	December 1973	December 1974
Aerospace and Electronics .....	62,800	63,000
Non-electrical Machinery .....	16,900	18,900
Other Durable Goods .....	34,700	33,400
Nondurable Goods .....	33,500	33,200
Total Manufacturing .....	147,900	148,500
Wholesale and Retail Trade .....	128,800	142,600
Services .....	96,800	104,500
Government .....	83,000	86,200
Construction .....	30,400	28,000
Finance Insurance and Real Estate .....	28,000	29,900
Transportation, Communica- tions and Utilities .....	17,500	18,500
Agriculture .....	6,300	6,100
Mining .....	1,900	1,900
	566,200	566,200

continued growth is expected. Fluor Corp. is presently constructing a facility which will employ an estimated 5,000 people.

The Irvine Company has announced plans for the Irvine Industrial Complex-East, to be located immediately north of the District. It will cover approximately 2,600 acres, including more than 1,900 acres to be devoted to industry and 600 acres for commercial facilities. The commercial facilities will be designed, in part, to serve people employed within the complex. The Irvine Company expects to commence industrial sales and leasing activities within the new complex in about one year.

## Commerce

Commercial facilities within the District are concentrated in two shopping centers. One is the Village Center located in Lake Forest. It contains a number of specialty stores. The other is the Rinker Shopping Center which is anchored by an Alpha Beta supermarket.

Located in the adjacent El Toro Water District and conveniently accessible to residents of the Los Alisos Water District is the Laguna Hills Center, which includes the Laguna Hills Mall, a regional shopping center. The mall presently contains two department

## ORANGE COUNTY

### Major Manufacturing Industries (200 or More Employees)

Company	Employees	Company	Employees	Company	Employees
<b>Aerospace and Aircraft</b>		Inmont Corp.		Hughes Aircraft Ground	
Aerojet-General Corp.,		Anaheim .....	400	Systems	
Fullerton .....	1,800	Maxad Inc.		Fullerton .....	5,469
Air Industries Corporation,		Fullerton .....	210	International Circuit	
Garden Grove .....	375	Nutriline Products Inc.		Technology	
Arrowhead Products,		Buena Park .....	430	Costa Mesa .....	350
Los Alamitos .....	350	Plas-Ties		Interstate Electronics	
Bertea Corporation, Irvine ..	1,000	Santa Ana .....	1,300	Corporation	
Carter J. C. Company,		Rexall Chemical		Anaheim .....	1,000
Costa Mesa .....	233	Santa Ana .....	200	ITT	
Energy Products Division		Royal Industries Inc.		Costa Mesa .....	200
Santa Ana .....	700	Santa Ana .....	250	ITT Cannon Electric	
Ex-Cell-O Corporation		Travenol Laboratories Inc.		Santa Ana .....	2,000
Costa Mesa .....	250	Costa Mesa .....	225	Joy Manufacturing Corp.	
Federal-Mogul Corp.,		U.S. Polymer Chemicals Inc.		Anaheim .....	360
Los Alamitos .....	500	Santa Ana .....	300	Litton Industrial Systems	
Fruehauf Corporation,				Inc.	
Fullerton .....	650			Anaheim .....	250
McDonnell Douglas		<b>Electrical and Electronic</b>		L T V Ling Altec Inc.	
Corporation,		<b>Machinery, Equipment, and</b>		Anaheim .....	1,000
Huntington Beach .....	14,000	<b>Supplies</b>		Master Specialties Co.	
Northrop Electro-Mechanical		Altec Sound Products		Costa Mesa .....	400
Div., Anaheim .....	1,493	Division		Metropolitan West Inc.	
Nortronics, Anaheim .....	500	Anaheim .....	937	Costa Mesa .....	200
Parker-Hannifin Corp.,		American Electronics Inc.		North American Rockwell	
Irvine .....	900	Fullerton .....	230	Corp.	
Raytheon Company,		AMF-Potter & Brumfield		Anaheim .....	300
Santa Ana .....	275	San Juan Capistrano ....	500	Parelco Operations —	
Royal Industries Inc.,		Audio Magnetics Corp.		Potter & Brumfield	
Santa Ana .....	650	Irvine .....	225	San Juan Capistrano ....	400
Rucker Company, Santa Ana	280	Babcock Electronics Corp.		Philco-Ford	
Susquehanna Corp.,		Costa Mesa .....	650	(Aeronutronics)	
Santa Ana .....	400	Battery Systems Inc.		Newport Beach .....	2,200
Textron Inc., Santa Ana ...	475	Santa Ana .....	300	Rockwell Intl.	
Tool Research & Engineering		Borg-Warner Corp. Controls		(Autonetics)	
Santa Ana .....	500	Division		Anaheim .....	11,000
Transport Dynamics Inc.,		Santa Ana .....	300	Sun Battery Co. Inc.	
Santa Ana .....	500	Century Data Systems Inc.		Santa Ana .....	400
		Anaheim .....	1,500	Trivex Inc.	
<b>Apparel and Other Finished</b>		Certron Corp.		Orange .....	300
<b>Products</b>		Anaheim .....	560	United States Filter Corp.	
Catalina Inc., Fullerton ....	200	Collins Radio Company		Newport Beach .....	1,000
Eddy Moss Inc., Westminster	200	Newport Beach .....	1,000	Vostron Industries, Inc.	
		Controls Research Corp.		Santa Ana .....	250
		Santa Ana .....	350	Wanlass Electric Co.	
		Covalence International		Santa Ana .....	300
		Corp.		Western Digital Corp.	
		Santa Ana .....	315	Newport Beach .....	775
<b>Boat Building and Repairing</b>		Dana Laboratories Inc.			
Ericson Yachts Inc.		Irvine .....	200	<b>Fabricated Metal Products</b>	
Santa Ana .....	260	Diceon Electronics Inc.		Ador/Hilite, Fullerton ....	500
MacGregor Yacht		Irvine .....	220	Air Industries Corporation,	
Corporation, Costa Mesa .	250	Econolite Div. Altec Corp.		Garden Grove .....	300
		Anaheim .....	480	Astech Division, Santa Ana	800
<b>Chemicals and Allied Products</b>		Electronic Instrumentation		Cherry Commercial Prod.,	
Allergan Pharmaceuticals		Anaheim .....	400	Santa Ana .....	500
Irvine .....	476	Electronic Products		Cla-Val Co., Costa Mesa ..	250
Amercoat Corporation		Santa Ana .....	1,000	Container Corp. of America,	
Brea .....	650	Emerson Electric Co.		Santa Ana .....	300
Ameron, Corrosion Cntl. Div.		Stanton .....	900	Emhart Corp., Kwikset Div.,	
Brea .....	700	General Motors, Delco		Anaheim .....	1,254
Cities Service Company		Remy Division		Kaynar Mfg. Co. Inc.,	
Tustin .....	250	Anaheim .....	400	Fullerton .....	350
Comdata Corporation		Globe-Union Inc.		Miller Barry L. Engineering	
Santa Ana .....	200	Fullerton .....	270	Inc., Irvine .....	200
Hyland Div. Travenol Labs		Hi-Tek Corp.			
Inc. Costa Mesa .....	1,500	Santa Ana .....	200		

Company	Employees	Company	Employees	Company	Employees
Mueller Co., Brea .....	325	Coleman Engineering Co. Inc., Santa Ana .....	300	<b>Rubber and Plastics Products</b>	
Standard Pressed Steel Co., Santa Ana .....	650	Converters Div. of Amer. Hosp. Supply, Santa Ana ..	230	AMF Voit Inc. Santa Ana .....	1,000
Thermco Products Co. Inc., Orange .....	200	Edwards Laboratories Inc., Santa Ana .....	300	Califoam Corporation of America Santa Ana .....	230
Townsend Co. Cherry Rivet/ Boots Nut, Santa Ana ....	725	G A F Corp., La Habra ....	200	California Injection Molding Co. Inc. Costa Mesa .....	280
Wells Marine — Z. D. Products Div., Costa Mesa ..	200	Martin-Decker Company, Santa Ana .....	237	Hitco Irvine .....	4,300
<b>Food Products</b>		Pertec Business System, Santa Ana .....	275	Kirkhill Rubber Co. Brea .....	750
Adohr Farms Div. The Southland Corp., Santa Ana .....	420	Robertshaw Controls Company, Anaheim .....	200	Monsanto Company Anaheim .....	250
Bridgford Foods Corp., Anaheim .....	250	Task Corp., Anaheim .....	275	Reeves Rubber Inc. San Clemente .....	450
Hills Bros. Coffee Inc., Anaheim .....	1,000	Technicolor Inc., Costa Mesa ..	285	Strato Flex Inc. Santa Ana .....	250
Kraftco Corporation, Buena Park .....	452	Vostron Industries, Santa Ana .....	300	Swedlow Inc. Garden Grove .....	650
Laura Scudder's, Anaheim ..	1,200	Vought Optics Coatings & Instrument, Newport Beach .....	400	West American Rubber Co. Orange .....	400
National Biscuit Company, Buena Park .....	250	<b>Miscellaneous Manufacturing</b>			
Pet Inc., Anaheim .....	550	AMF Voit Inc., Santa Ana ..	1,000	<b>Stone, Clay, Glass and Concrete Products</b>	
<b>Furniture and Fixtures</b>		CBS Musical Instrument Div., Fullerton .....	700	Amcord Inc. Newport Beach .....	2,900
John B. P. Furn. Mfg., Santa Ana .....	325	Conolon Corp., Santa Ana ..	525	Associated Concrete Products Inc. Santa Ana .....	400
Liken Inc., Westminster ....	850	Cox L M Mfg. Co. Inc., Santa Ana .....	525	Cambro Mfg. Corp. Huntington Beach .....	200
SPS Western, Santa Ana ....	600	Monarch Marking Systems, Garden Grove .....	250	Corning Glass Works Orange .....	5,000
Steelcase Inc.-Western Division, Tustin .....	350	F. E. Olds & Son, Fullerton ..	290	Glass Containers Corporation Fullerton .....	6,000
<b>Machinery</b>		U S Divers Company, Santa Ana .....	275	Hydro Conduit Corporation Newport Beach .....	404
Astrodata Inc., Anaheim ..	350	<b>Paper and Allied Products</b>		Kerr Glass Mfg. Co. Ahk Div. Santa Ana .....	410
Burroughs Corporation, Mission Viejo .....	875	American Can Company, Anaheim .....	312	Lasco Industries Anaheim .....	400
California Computer Products Inc., Anaheim .....	920	Convertors Inc., Santa Ana ..	300	<b>Textile Mill Products</b>	
Chicksan Div. FMC Corp., Brea .....	305	Menasha Corp. Container Div., Anaheim .....	360	Idamatic Inc. Santa Ana .....	280
Computer Automation Inc., Irvine .....	240	Orchids Paper Products Concel Inc., La Palma ....	200	Ozite Corp. Anaheim .....	250
Datum Inc., Anaheim .....	280	<b>Petroleum Refining and Related Industries</b>		Tubbs Cordage Co. Orange .....	280
Document Div.-Odd-Mult Corp., Santa Ana .....	200	Exxon Co. U S A, Orange ..	5,541	<b>Transportation Equipment</b>	
Electronic Engineering Co. of Cal., Santa Ana .....	500	<b>Primary Metal Industries</b>		Executive Industries Inc. Anaheim .....	500
Emhart Corporation, Anaheim .....	1,034	Aluminum Forge Div. Altamil Corp., Santa Ana ..	200	General Motors Corp. Anaheim .....	400
Garrison Hydraulics Inc., Santa Ana .....	240	Anaconda Wire & Cable Co., Orange .....	200	Golden West Mobile Homes Santa Ana .....	300
General Automation Inc., Anaheim .....	1,000	<b>Printing, Publishing, and Allied Industries</b>		Viking Homes Anaheim .....	300
Kaiser Industries Corp., Santa Ana .....	252	Freedom Newspapers Inc., Santa Ana .....	1,500		
Knudsen Engineering, Irvine ..	200	Gibson Greeting Cards Inc., Anaheim .....	1,000		
Smith International, Newport Beach .....	2,900	Moore Business Forms, Fullerton .....	300		
Transport Dynamics, Santa Ana .....	350	Orange Coast Daily Pilot, Costa Mesa .....	200		
Varian Data Machines, Irvine ..	750	Orange County Evening News, Garden Grove ....	207		
Xerox Corp., Irvine .....	400	Register The, Santa Ana ..	650		
<b>Instruments; Photographic, Medical and Optical Goods</b>		Van de Publishing Co., Huntington Beach .....	225		
American Meter Company, Fullerton .....	250				
Beckman Instruments, Inc., Fullerton .....	7,600				



stores, Buffums, part of a ten-store chain based in Long Beach, and Sears, plus 56 shops. It is now being expanded to include two more department stores, Broadway and J. C. Penney, plus 35 additional shops. The portion of the center adjacent to the mall includes restaurants, financial institutions, office space and neighborhood shopping facilities.

### Financial Institutions

The Bank of America NT&SA operates a branch office in the District.

District residents are also served by branches of the Bank of America NT&SA, the Mission Bank, the Security Pacific National Bank, the United California Bank and the Wells Fargo Bank N.A. in the neighboring communities of El Toro and Laguna Hills.

### Utilities

Electric power is furnished by Southern California Edison Company. Natural gas is distributed by Southern Counties Gas Company. Telephone service is provided by Pacific Telephone. As noted previously, water and sewerage service are provided by the District.

### Transportation

The District is bordered by Interstate 5, the main north-south route through California, which extends from the Mexican border south of San Diego to the Canadian border north of Seattle.

The southern portion of the District is traversed by the Los Angeles-San Diego line of the Atchison,

The Southern California Edison Co. Maintenance and Service Center



Topeka and Santa Fe Railway, which is part of the Amtrak system. Rail passenger service is available in Santa Ana and San Clemente.

Bus service to adjacent communities is provided by the Orange County Rapid Transit District. Greyhound provides overland service to Los Angeles and San Diego from the nearby community of Laguna Hills.

The Orange County Airport, located 11 miles northwest of the District, is served by Air California, Golden West Airlines and Hughes Airwest. Extensive general aviation facilities are also available.

## Education

The entire District is within the Saddleback Valley Unified School District. Located within the Los Alisos Water District are the Santiago Elementary

School and the new El Toro High School. The private Park Lane School is also within the District.

Saddleback Valley Community College, a two-year institution, is located in the adjacent Moulton Niguel Water District. The college was opened in 1968 on a temporary site. The present, permanent campus opened in 1969 utilizing relocatable buildings. The college opened its first permanent building, a library-classroom complex in 1973 and during the next year completed a new science-mathematics building.

The University of California, Irvine, was opened in 1965 on a 1,500-acre campus a short distance north of the District. It is the principal higher education facility in Orange County, offering undergraduate and graduate programs in a variety of fields including studies toward a Ph.D. Enrollment has grown to over 7,000 students.

A view from the Saddleback College Mathematics-Science Building toward the library classroom complex





## Community Facilities

The 160-bed Saddleback Community Hospital is located in the neighboring community of Laguna Hills.

Recreational facilities include a number of neighborhood parks and two private clubs within the District, three regional parks within a short distance and the Pacific Ocean, ten miles to the southwest. The three regional parks are owned and operated by Orange County. The County has also acquired the site for a planned regional park to be located within the District.

O'Neill Park has 650 overnight camping facilities, a baseball diamond, picnic facilities and a riding stable. It covers 650 acres. Niguel Regional Park includes a 45-acre lake stocked with fish, four

tennis courts, a riding trail and picnic and barbecue facilities within its 154 acres. Ronald W. Caspers Memorial Park is the largest in the area, covering 5,500 acres, open to camping, picnicking and hikers.

Another major recreational facility developed by the County is the small craft harbor at Dana Point, southwest of the District.

A major private recreational facility is Lion Country Safari, covering 500 acres immediately west of the District. It contains a variety of African animals and birds which visitors may observe at close hand during a one to one-and-one-half hour drive through the grounds.

Nearby recreational facilities include the world-famous Disneyland in Anaheim, Knott's Berry Farm in Buena Park, and Mission San Juan Capistrano.

Small craft harbor at Dana Point



## **Appendix I**





*Mc Kee & Co.*  
*550 South Flower Street*  
*Los Angeles, California 90017*  
*624-2367*

March 3, 1975

Districts Securities Division  
Office of State Treasurer  
State of California  
120 Montgomery Street - Room 1025  
San Francisco, California 94104

For attention of T. P. Stivers, Esq.  
Executive Secretary

Gentlemen:

Pursuant to request of Los Alisos Water District, we have inspected the lands within the District and we have investigated the fair-market-value thereof and we estimate the fair-market-value of the 5,380 acres of land within the District to be not less than ninety-one million dollars as of this date.

Domestic water, sewage collection and treatment, gas, electricity and telephone facilities are available to properties in the southerly one-half of the District. Water, for agricultural use, is available to all of the lands in the District that are suitable for this use. More than 3,000 homes are being served at present by the District's water and sewage systems.

Our total estimate of value is determined, among other things, by classifications and evaluations of lands within the District (1) according to proximity to freeway, to railroad, to existing and proposed roadways, and to public utilities; (2) according to tentative land-use planning by Orange County Planning Commission; (3) according to the Planned Community program approved by the Orange County Planning Commission for Occidental Petroleum Land and Development Corporation's 1,760 gross acre Lake Forest development; (4) according to tentative land-use planning being proposed for the Canada Foot-hills Planned Community; (5) according to topography; and (6) according to practicability of maintaining existing citrus groves. Our estimate is further based upon information about transactions, within recent years, in lands within the District and in comparable lands outside of the District and upon our general knowledge of the real-estate market and of prices prevailing therein.

Districts Securities Division  
Office of State Treasurer  
State of California

2.

You have our previous letters, addressed to you on November 22, 1972; July 12, 1971; October 3, 1968; May 28, 1965; and March 3, 1964, expressing our then estimates of the fair-market-value of the lands within the District. Our present estimate is, in part, based upon information accumulated during our previous investigations and is, in part, based upon information about subsequent transactions and about significant external influences on value.

As you have complete descriptions of the District, no precise nor detailed description is included here. However some broadly descriptive paragraphs follow.

Los Alisos Water District includes 5,380 acres of land in Orange County, California. The southwesterly segment of the District is adjacent to San Diego Freeway on the northerly side thereof and the principal access route to properties within the District is via San Diego and/or Santa Ana Freeways. Access is easy and convenient although distances are approximately ten miles southeasterly from City of Santa Ana and approximately ten miles northwesterly from San Juan Capistrano - both via Freeway. The Pacific Ocean at Laguna Beach is approximately ten miles distant in a southerly to southwesterly direction via El Toro Road and Laguna Canyon Road. Laguna Canyon Road is proposed to be reconstructed as Laguna Canyon Freeway between Laguna Beach and the San Diego and Santa Ana Freeways.

Atchison, Topeka and Santa Fe's mainline between Los Angeles and San Diego crosses the Los Alisos Water District from northwest to southeast and the El Toro station was a focal point for small early development, within the present boundaries of Los Alisos Water District, after completion of the railroad about 1890.

Modern development of lands within the District commenced with the 1958 purchase of 5000 acres by V. P. Baker and his associates from the El Toro Company. El Toro Company had been the principal property owner since prior to construction of the railroad; and El Toro Company continues to own 80 acres within the District, at its northeasterly extremity, and continues to own approximately 2,000 acres of the higher ground above the District's northeasterly boundary.

Districts Securities Division  
Office of State Treasurer  
State of California

3.

Northwesterly of the District are portions of the 85,000 acre Irvine Ranch and the USA Marine Corps' El Toro Air Station. Northeasterly, via El Toro Road and Modjeska Road are the Modjeska community and the Cleveland National Forest; another fork of El Toro Road leads to O'Neill Park. Southeasterly of the District are portions of the 35,000 acre O'Neill or Mission Viejo Ranch. There are relatively recent and continuing residential, shopping and recreational developments on the Mission Viejo property easterly and southeasterly of the Los Alisos Water District and a population of about 36,000 has settled on Mission Viejo property.

Rossmore Leisure World is approximately opposite Los Alisos Water District on the southerly side of San Diego Freeway. Rossmore Leisure World is the principal element in El Toro Water District which has a population of some 37,000. Northwesterly of Leisure World, at approximately the junction of Santa Ana and San Diego Freeways, the Irvine Company plans a major commercial development.

Within the District, properties can be categorized as:

1.

ten to twenty holdings - mostly citrus orchards - which were established long prior to El Toro Company's sale to Baker et al;

2.

a few parcels in the vicinity of El Toro railroad station that also were in ownerships other than El Toro Company's long prior to the Baker acquisition;

3.

lands acquired by Baker et al from El Toro Company, resold by Baker et al to subdividers, and now identifiable by reference to tract and lot numbers; the District includes some forty-four subdivisions, of an aggregate of 1,257 acres, into 6,735 lots; the subdivided area is known as Lake Forest;



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4.

4.

lands acquired by Baker et al from El Toro  
Company and resold to others than subdividers;

5.

lands retained by Baker et al which are im-  
proved with citrus and/or avocado and orchards;

6.

unimproved lands held by Baker et al and pre-  
sumably available for purchase; some of these  
rather certainly are saleable at prices in the  
range around \$10,000 an acre but some are  
within the flight pattern of aircraft from the El  
Toro Air Station and are of less certain market-  
value.

Of course, properties also can be categorized as single-family residential, multi-family residential, commercial, industrial, agricultural, recreational, public or municipal, etc. Considerable acreage has been dedicated for use as streets and there are a number of private-streets and other common-areas dedicated for use by owners of adjacent property. Too, there are artificial lakes covering an aggregate of some 57 acres.

Broadly, Los Alisos Water District substantially is confined to the Spanish land-grant, Rancho Canada de Los Alisos, and includes substantially all of the Rancho except the approximately 2,000 acres on the high ground above the District that were retained by El Toro Company at the time of its sale of 5000 acres to Baker et al. Small segments of the adjacent Rancho Trabuco are included within the District and six acres of the Irvine Ranch are included.

Population within Los Alisos Water District and in nearby develop-  
ments is estimated to be:

Los Alisos Water District	10,875
Moulton-Niguel Water District	40,268
El Toro Water District	
(including Leisure World)	37,210
Santa Margarita	5,300
	<u>93,653</u>

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5.

Boyle Engineering's September 1972 Aliso Water Management Agency Project Report includes an estimate of population in Los Alisos Water District at 59,000 persons by the year 2000; and estimates a population in adjacent Districts at 166,000 for Moulton-Niguel and 61,000 for El Toro. A principal characteristic of Los Alisos Water District is the preponderance of single-family residential housing, although there also is multi-family housing. There is recent and attractive commercial development but largely it is outside of the Los Alisos Water District boundaries. Within the District, during the past two years, the number of completed lots increased 89%, the number of occupied lots increased 90% and the total number of legally mapped lots increased 112% and a number of well-known and respected developers have been successfully active within the District.

During 1972-1975, some of the transactions in subdivided and unsubdivided lands have been:

Tract	7197B	Lots at \$13,200 each
	7197C	Lots at \$13,200 each
	7174	\$48,000 an acre
	7395	\$48,000 an acre
	7706	Lots at \$14,000 each
	7707	Lots at \$14,000 each
	7708	\$38,000 an acre
	7993	\$44,000 an acre
	8023	\$29,000 an acre
	8043	\$48,000 an acre
	8351	Lots at \$9,700 each
	8359	\$56,500 an acre *
	8416	Lots at \$14,000 each
	8461:	Lots at \$10,500 each (1972-3)
		Lots at \$14,500 each
	8665	\$42,000 an acre
Schoolsites:		10 acres @ \$38,000 an acre
		10 acres @ \$48,000 an acre
		22 acres @ \$48,000 an acre
Industrial:		34 acres @ \$54,450 an acre
		25 acres @ \$54,550 an acre

\*This price included moving approximately 45,000 cubic yards of earth.

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6.

It is beyond peradventure that there is active demand for land in and near the District and that this demand will continue and will increase as population increases and as industrial activity accelerates in southern Orange County.

The estimated market-value of the land within Los Alisos Water District at \$91,000,000 is a rounding from \$91,373,000, of the sum of separate estimates of market-value of: (1) land south of Trabuco Road at \$69,882,000 and (2) land north of Trabuco Road at \$21,491,000. In the \$69,882,000 sub-total, lands south of Trabuco Road are included at parcel-by-parcel estimates of currently prevailing market-prices for, mostly, single lots and/or relatively small parcels. This \$69,882,000 estimate is larger, by \$10,489,500 than the November 22, 1972 estimate at \$59,393,500. The \$21,491,000 sub-total (increased from \$20,256,542 at December 22, 1972) is the sum of the prices which we believe present owners reasonably could expect to command if, over the next eighteen to twenty-four months, they became willing-sellers, not simultaneously but in rather rapid succession.

We have ascribed no value to land in or reserved for roadways, parks, schools or lakes.

Our confidence in the approximate accuracy of our opinion is based upon several decades of business experience which has included extensive experience in appraising real-estate for banks, insurance companies, other corporations, the Superior Court of State of California and other governmental agencies. Donald H. McKee's activities in investment-banking have involved extensive consideration and investigation and determination of values of real-estate; he is a member of the American Society of Real Estate Counselors, and of the honor-society, Lambda Alpha, for those who have made an outstanding contribution to knowledge and understanding of land-economics and who have significant achievements in land investments, development, etc. A statement of McKee & Co.'s experience and qualifications, as introduced into the records of Superior Court proceedings, is attached. This statement was prepared four or five years ago for introduction into the record of a Superior Court proceedings in which Donald H. McKee testified as an expert about value. Subsequently it has been introduced into the records of fifteen or twenty Departments



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of Superior Court in Los Angeles County and in the Courts of New York and of West Virginia. Since the date of this memorandum, McKee & Co.'s activities have continued much as before. A few notable events have been appointment by the Superior Court as Receiver of Las Flores Ranch; employment by the California Attorney General as consultant and appraiser with reference to shares of Hearst Corporation (which we appraised at \$138,000,000 at which price a transaction was closed); employment by Rogers & Wells, as counsel to the Trustee in Bankruptcy of Dejay Stores, as consultant about the damages inflicted on Dejay Stores by Dun & Bradstreet which were settled by agreement at about \$2,500,000; employment by the Office of Regional Counsel of USA Internal Revenue Service to appraise an unorthodox promissory note, etc.

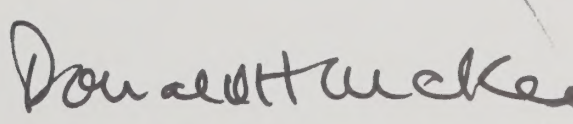
Yours truly,

McKEE & CO.

by

  
Richard N. Hulett

by

  
Donald H. McKee,  
Managing Partner

Attachment



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